

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 ARA-06

EA-06 EUR-12 NEA-10 IO-10 XMB-02 OPIC-03 /136 W

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R 230703Z JUL 75

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC 7402

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EO 11652: NA

TAGS: ETRD, EINV, DM, US

SUBJ: TRADE ACT OF 1974-- GSP

REF A. STATE 168984 B. COTONOU 984 C. COTONOU 947 D. COTONOU 929

E. STATE 58983 F. COTONOU 331 G. COTONOU 1877 OF DEC 5, 1974

1. ONLY CASES WHICH COULD AFFECT DAHOMEY'S ELIGIBILITY FOR GSP UNDER TERMS OF 1974 TRADE ACT ARE THE NATIONALIZATION OF TWO OIL DISTRIBUTION COMPANIES LAST DEC AND OF TWO BANKS ON JUNE 27, 1975. MOBIL-DAHOMY AND TEXACO-DAHOMY, BOTH SUBSIDIARIES OF AMERICAN FIRMS, WERE TAKEN OVER BY THE DAHOMEAN GOVT 4 DEC 74. THOUGHT THE TWO COMPANIES SUBMITTED THEIR REQUESTS FOR COMPENSATION IN EARLY JAN, THEY HAVE NOT YET RECEIVED NO RESPONSE FROM THE DAHOMEAN GOVT. ON JULY 27, TWO LOCAL BANKS IN WHICH AMERICAN BANKS HELD SHARES WERE NATIONALIZED. BANK OF AMERICA HELD ABOUT 11 PERCENT OF THE SHARES OF THE BANQUE INTERNATIONALE POUR LE COMMERCE ET L'INDUSTRIE DU DAHOMEY (BICID) AND FIRST NATIONAL CITY BANK HELD 49 PERCENT OF THE SHARES OF BANQUE INTERNATIONALE POUR L'AFRIQUE OCCIDENTALE (BIAO). NEITHER BANK HAS YET BEEN CONTACTED RE EVENTUAL INDEMN-
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IFICATION.

2. IN REF C, AMB REPORTED HIS CONVERSATION WITH THE DAHOMEAN MIN OF FINANCE, WHO PROMISED THAT AMERICAN INTERESTS IN THE BANKS RECENTLY TAKEN OVER WOULD BE FULLY COMPENSATED. THIS IS ONLY INDICATION TO DATE THAT TGOVT WILL COMPENSATE INTERESTS TAKEN OVER IN JUNE. FOR COMPLETE REVIEW OF GOVT'S ACTIONS ON INDEMNIFICATION OF INTERESTS SEIZED LAST DEC, SEE REF B.

3. PAST EXPERIENCE HAS SHOWN THAT ONCE THE DAHOMEAN GOVT DECIDES TO OPEN DISCUSSIONS ON INDEMNIFICATION, IT SEEMS TO CONDUCT THE NEGOTIATIONS IN GOOD FAITH (SEE REF B). SO, FOR THE MOMENT, POST RECOMMENDS MORE TIME BE GIVEN THE DAHOMEAN GOVT TO PERMIT IT TO INITIATE NEGOTIATIONS WITH THOSE AMERICAN COMPANIES WHOSE INTERESTS HAVE BEEN TAKEN OVER. DETERMINATION RE DAHOMEY'S ELIGIBILITY FOR GSP REPORTED REF E SHOULD BE MAINTAINED. CHESHES

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Message Attributes

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